

of auger systems, curtains and curtain systems, drip systems, fan and fan systems, shutters, inlets and shutter or inlet systems, and refrigerators occurring between January 1, 1992, and the effective date of this section of this Act, shall be limited to twenty-five thousand dollars in the aggregate and shall not be allowed unless refund claims are filed prior to October 1, 2006, notwithstanding any other provision of law. If the amount of claims totals more than twenty-five thousand dollars in the aggregate, the department of revenue shall prorate the twenty-five thousand dollars among all claimants in relation to the amounts of the claimants' valid claims. Claimants shall not be entitled to interest on any refunds.

Sec. 7. EFFECTIVE DATES AND RETROACTIVE APPLICABILITY PROVISIONS.

1. Except as provided in subsection 2, this Act takes effect January 1, 2007, and is applicable to tax years beginning on or after that date.

2. The section of this Act amending section 423.3 and the section of this Act providing refunds resulting from the amendment of section 423.3, being deemed of immediate importance, take effect upon enactment and apply retroactively to January 1, 1992.

Approved June 2, 2006

CHAPTER 1162

SALES AND USE TAX — TELECOMMUNICATIONS PROVIDERS — CENTRAL OFFICE AND TRANSMISSION EQUIPMENT

S.F. 2390

AN ACT relating to the sales and use tax exemption for central office equipment and transmission equipment used in telecommunications operations.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 423.3, Code Supplement 2005, is amended by adding the following new subsection:

NEWSUBSECTION. 47A. a. Subject to paragraph “b”, the sales price from the sale or rental of central office equipment or transmission equipment primarily used by local exchange carriers and competitive local exchange service providers as defined in section 476.96; by franchised cable television operators, mutual companies, municipal utilities, cooperatives, and companies furnishing communications services that are not subject to rate regulation as provided in chapter 476; by long distance companies as defined in section 477.10; or for a commercial mobile radio service as defined in 47 C.F.R. § 20.3 in the furnishing of telecommunications services on a commercial basis. For the purposes of this subsection, “central office equipment” means equipment utilized in the initiating, processing, amplifying, switching, or monitoring of telecommunications services. “Transmission equipment” means equipment utilized in the process of sending information from one location to another location. “Central office equipment” and “transmission equipment” also include ancillary equipment and apparatus which support, regulate, control, repair, test, or enable such equipment to accomplish its function.

b. The exemption in this subsection shall be phased in by means of tax refunds as follows:

(1) If the sale or rental occurs on or after July 1, 2006, through June 30, 2007, one-seventh of the state tax on the sales price shall be refunded.

(2) If the sale or rental occurs on or after July 1, 2007, through June 30, 2008, two-sevenths of the state tax on the sales price shall be refunded.

(3) If the sale or rental occurs on or after July 1, 2008, through June 30, 2009, three-sevenths of the state tax on the sales price shall be refunded.

(4) If the sale or rental occurs on or after July 1, 2009, through June 30, 2010, four-sevenths of the state tax on the sales price shall be refunded.

(5) If the sale or rental occurs on or after July 1, 2010, through June 30, 2011, five-sevenths of the state tax on the sales price shall be refunded.

(6) If the sale or rental occurs on or after July 1, 2011, through June 30, 2012, six-sevenths of the state tax on the sales price shall be refunded.

(7) If the sale or rental occurs on or after July 1, 2012, the sales price is exempt and no payment of tax and subsequent refund are required.

c. For sales or rentals occurring on or after July 1, 2006, through June 30, 2012, a refund of the tax paid as provided in paragraph "b", subparagraph (1), (2), (3), (4), (5), or (6), must be applied for, not later than six months after the month in which the sale or rental occurred, in the manner and on the forms provided by the department. Refunds shall only be of the state tax collected. Refunds authorized shall accrue interest at the rate in effect under section 421.7 from the first day of the second calendar month following the date the refund claim is received by the department.

Approved June 2, 2006

CHAPTER 1163

INDIVIDUAL INCOME TAXES — SCHOOL TUITION ORGANIZATION CONTRIBUTIONS S.F. 2409

AN ACT allowing individual income tax credits for contributions made to certain school tuition organizations and including effective and retroactive applicability date provisions.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. NEW SECTION. 422.11M SCHOOL TUITION ORGANIZATION TAX CREDIT.

1. The taxes imposed under this division less the credits allowed under sections 422.12 and 422.12B shall be reduced by a school tuition organization tax credit equal to sixty-five percent of the amount of the voluntary cash contributions made by the taxpayer during the tax year to a school tuition organization, subject to the total dollar value of the organization's tax credit certificates as computed in subsection 7. The tax credit shall be claimed by use of a tax credit certificate as provided in subsection 6.

2. To be eligible for this credit, all of the following shall apply:

a. A deduction pursuant to section 170 of the Internal Revenue Code for any amount of the contribution is not taken for state tax purposes.

b. The contribution does not designate that any part of the contribution be used for the direct benefit of any dependent of the taxpayer or any other student designated by the taxpayer.

3. Any credit in excess of the tax liability is not refundable but the excess for the tax year may be credited to the tax liability for the following five tax years or until depleted, whichever is the earlier.

4. Married taxpayers who file separate returns or file separately on a combined return form